

Procurement Training Manual

**U.S. DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
MARKETING AND REGULATORY PROGRAMS
ADMINISTRATIVE SERVICES DIVISION
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I. ORGANIZATIONAL STRUCTURE

A. Purchasing Team

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II. DELEGATION OF AUTHORITY

The authority and responsibility to "contract" or purchase authorized supplies and services is delegated to an appointed Contracting Officer.

Contracting Officers have the authority to purchase within the limits stated on their Certificate of Appointment. The amount is based on the qualifications of the individual and the Agency's procurement policy. Terms used to identify authorized procurement individuals include:

- * Contracting Officer
- * Warranted Individual

A. APHIS Delegated Authority

MRP-BS - Riverdale Washington Business Site (MRP-BS-RWBS)

- * Acquisition and Maintenance of All Federal Information Processing Equipment (FIP)
- * Construction over \$25,000
- * **All** Telecommunications

MRP-BS - Minneapolis (MRP-BS-Mpls) for all other procurement, including:

- * Equipment Maintenance Agreements
- * Construction less than \$25,000
- * All Purchasing Support to Field or Headquarters Offices not having the appropriate warranted individual or delegated authority. Does not include supplies and services listed for MRP-BS-RWBS above.

Field locations (limited authority, per issued warrant):

- * Open Market Purchases up to Delegated Amount
- * Office Machine Maintenance and Copier Rental Renewal
- * Federal Supply Schedule Purchase
- * Delivery Orders Against APHIS Contracts

The Contracting Officer is the **only individual authorized** to spend Government funds. Nonwarranted employees are able to purchase using:

- * BLANKET PURCHASE ARRANGEMENTS (BPA) - (Type 45)
Purchases against an existing BPA are limited to \$2,500 per transaction and \$100,000 per year. BPA's are monitored monthly to ensure compliance.
- * CREDIT CARD (VISA)
- * SF182 REQUEST, AUTHORIZATION, AGREEMENT, AND
CERTIFICATION OF TRAINING

An **SF-182** should be prepared and a copy sent to the employee's personnel record **whenever** they attend a training course. The SF-182 should be used for payment (a copy sent to the Payments Team, Minneapolis) when the employee is attending an off-the-shelf training course. A purchase order or VISA card may be used for payment if the employee is attending a customized training course or the vendor will not accept the SF-182.

Although these examples are exempted from the requirements of the Contracting Officer's warrant system, your program may require that a warranted Contracting Officer sign any and all of the above transactions. Individuals using any of the exemptions must be authorized and provided instructions on their responsibilities.

B. Restricted Items

Employees may obtain restricted items by going through excess sources themselves (after obtaining internal program approvals) or submitting requests to ABS. If ABS cannot obtain the items through excess, they will approve the request to be purchased and complete the purchase order.

The following items may not be purchased under any circumstances. (Note that these items are restricted from purchase due to specific restrictions spelled out in the General Services Administration's Federal Property Management Regulations.) These items are:

- Prepaid film processing mailers
- Covers for reprints of scientific articles
- Twine made of foreign origin materials
- Threshold heaters, portable space heaters and portable electric fans

Listed below are the restricted items which have special instructions for obtaining. These items may be **purchased only** by the MRP-BS-MPLS or MRP-BS-RWBS.

- Air-conditioning and related equipment
- FIP equipment over \$2,500
- Software over \$2,500
- Firearms
- Systems Furniture
- Telephone systems (individual phones may be purchased)
- Copying and duplicating services
- Radio communications equipment
- Radioactive materials and radiation equipment
- Employment advertisements and notices in newspapers and trade journals
- Procurement/repair of incinerators, boilers, waste treatment equipment and solid waste disposal systems

C. *Unauthorized Procurement*

An unauthorized procurement occurs when an individual with delegated procurement authority exceeds their authority **or** when an individual without delegated procurement authority obtains supplies or services, except as defined in section on purchases not requiring delegation of authority.

An unauthorized procurement can be avoided by a phone call to the Purchasing Team. In emergency situations, a purchase order can be issued by procurement personnel within 15 minutes.

Should an unauthorized procurement occur, the procurement office (MRP-ADS-MPLS or MRP-ASD-RWBS) will request that the employee who made the unauthorized purchase submit, through proper channels, a complete written statement of facts:

- * A statement as to why a Contracting Officer was not contacted
- * Why the vendor was selected and a list of sources considered
- * Description of work to be performed or products to be furnished
- * Estimated or agreed price
- * Whether an appropriation is available for the work
- * Whether performance has begun

The Procurement Office will review records and documents submitted to determine if:

- * The government received a benefit
- * The procurement is otherwise legal
- * The price is fair and reasonable

The Procurement Office will submit a completed purchase order, including a recommendation for approval or disapproval based on a review of the case.

- * If the ratification is not justifiable, provide the cognizant program office, contracting office, and the unauthorized contractor with an explanation of the decision not to ratify
- * If ratification appears adequately justified, ratify the action and retain or assign the contract to a successor contracting officer if necessary
- * Maintain related approval, decisional, and background documents in the contract file for audit purposes
- * Notify the cognizant program supervisor or line officer about the final disposition of the case; the notification may include a recommendation that the unauthorized commitment should be further considered a violation of USDA's employee conduct regulations

III. COMPLETING A PROCUREMENT REQUEST/AD700 IN PRISM

A. Procurement Request/AD700

The information needed to complete your procurement request in PRISM.

The **website** contains several databases.

- **AD 700 Proc Req**
- Drafts
- Out Box
- Tracking
- Documentation

To enter a procurement request, click “**AD 700 Proc Req**” The Purchase Order Form will appear with a line of Action Buttons under the title. The action buttons are used to do the following:

- Submit to send to an approver for action
- Draft to save so that edits can be made before submission;
to preview the document in the hardcopy format
- Print to print a screenshot of the document
- Terms to view Purchase Order Terms and Conditions
- Exit to exit the document **without saving the information**
- Help to take user to the documentation database for assistance
(Future Release)

Helpful Hints & Tips....

- The bottom of your screen has prompts to let you know which fields are Required:
- Using the **tab key** will move you from block to block. (Please do not use the “enter” key) Sometimes it’s easier to view the screen if you move the cursor to the next block and click rather than using the tab key.
- The term “**Populate**” allows you to enter in a little bit of information and the system will automatically fill in the rest. (i.e. Fedstrip Codes --- put in your code and the information will be completed in the organization and address fields)
- The “Search” light allows you to look up information (i.e. Fedstrip codes; Vendors, etc.)

FILLING OUT THE REQUEST

• **Requester Information Section (REQUIRED FIELDS)**

- Name of Requester (Last name first)
Note: Requestor is person putting info into system. Last name first will make tracking easier.
- Title of Requester
- Fiscal Year of Order (click down arrow and select applicable year)
- Fedstrip Address
Web Version -put in Fedstrip number and click the “populate” button,
Notes Version - click “Populate” button and select a FEDSTRP number.
If you don’t know your FEDSTRP number, call your purchasing contact.
- Deliver to F.O.B. Point (use the **mm/dd/yyyy** format)
- If an amendment - click the applicable radio button

• **Ship to Information Section (REQUIRED FIELDS)**

- Enter the Consignee’s name
- Enter the Consignee’s title
- Fedstrip Address (click the populate button, select a Fedstrip number and information will be completed in the organization and address fields)

• **Vendor Information (NOT REQUIRED)**

- If you know the vendor information complete these fields.
(**Hint:** the Search feature for vendor will be enhanced in later phases)

- **Line Item Information (REQUIRED FIELD)**
If you have more than one line item:
 - Change the number in the box to reflect the number of line items you have then click "Continue"

Then for all line items:

- Type in the Description (field is wrap around so person can type in detailed information)
- Enter the quantity of the items required
- Enter unit issue
- Enter unit price if known; if not enter 0 (zero)
- ***Optional -- click on calculator to calculate the purchase total
- Line Item Comments:
Type in the field provided (between brackets)

- **Accounting Information (REQUIRED FIELDS)**

- APHIS - Enter 5 characters in block (5) and 5 numbers in block (10)
- AMS - Enter 5 characters in block (5) and 4 numbers in block (10)
- GIPSA - Enter 1 number in (1), 4 numbers in (4) and 2 numbers in (2)

Attachments and Comments (NOT REQUIRED)

- Attachments (place cursor between brackets and click on **paper clip** in Smarticon bar or click File, Attach) Note: You may attach more than One document from different programs (i.e., Word, WordPerfect, etc.)
- Enter Local Tracking/Misc. number if applicable
- Enter requester comments if applicable

HOW TO SUBMIT THE REQUEST

- The system signs the Requester's Name based on their log-in, the current date, and where the Purchase Request is routed based on the Fedstrip selected.
- If document is not completed, you should select the "draft" button and access the document from the draft view once you are ready to complete the form.
- If you want a hard copy of your request, **you must print the document prior to submitting it.** Once you submit it, you can access it again in History Documents
- When the document is completed, click the **"Submit"** button. Once submitted, the system will assign a Purchase Request Number (e.g., APMBFSDO-0053-9) to be used for tracking purposes. Click "ok" when the box appears with the number. The screen will return the user to the Main Navigator/homepage.
- The status of the Purchase Requests can be checked in the Tracking database by form, action taken or by requestor.

Note: Users can access previously submitted documents by selecting the Views button from the Main Navigator and clicking on "Outbox".

History Documents can be used to create new Purchase Requests by clicking on the "Copy to New" button. Information from a submitted Purchase Request will copy to a new Request and the system will assign a new number to the document. Then you can make changes to the information as deemed necessary.

Completion of Purchase Order

- Purchasing Team at MBS will receive a notification in their E-mail that a Purchase Request is awaiting their action in their respective database. The Purchasing Approver (warranted Purchasing Agent) will review the document and complete necessary information.
- Once the document has been marked "Complete" by the last Approver, the system will assign a Purchase Order number and transmit to NFC.
- Requestor will receive hard copy of AD 838 in mail, **NOTE: if another office needs to receive a courtesy copy, please indicate in comment field.

B. Entering Amendment Requests in PRISM

An amendment can only be made to a purchase order not an AD700. If you make a mistake in entering an AD700, please call the Purchasing Team. Do not enter a new AD700 to amend the AD700 because it could cause a duplication of your request.

From the **LOTUS NOTES** version:

- * From the main menu, click on the "**Views**"
- * Click on "**Out Box**"
- * Find the purchase order to be amended by either the requester name or the procurement request number
- * Click on the "**Amendment**" icon.

When your purchase order comes up:

- 1) Re-populate the fedstrip number;
- 2) Check the delivery date for accuracy;
- 3) Type in the p.o. number to be amended;
- 4) Click on the appropriate procurement office to submit to (Minneapolis or Riverdale)
- 5) Make the changes and describe in the description or comments section what you are changing;
- 6) Verify your accounting code is correct;
- 7) "File", "Print", so you have a copy. Be sure to write down the procurement request number.
- 8) SUBMIT, or Save to Draft

From the **Web SITE** version:

Click on "**Out Box**"
 Find the name of the requester
 Click on the Purchase Order to be amended.
 Type in the fedstrip and click on "**Populate**"
 Make your changes as above and print a copy
 Submit, or Save to Draft

V. REQUISITION PROCESSING

A. Requisition Process Through APHIS Business Services-Mpls Regulations

Prior to processing a requisition, the agent checks for any regulations which may apply to the purchase of the item or service. The following list of regulations is prioritized in the order of applicability:

- * Federal Acquisition Regulations (FAR)
- * Agriculture Acquisition Regulations (AGAR)
- * Federal Property Management Regulations (FPMR)
- * Departmental Regulations
- * Acquisition Handbook

B. Mandatory Sources of Supply

FAR, Part 8, describes the required sources for acquisition of supplies and services. The agent must satisfy requirements as listed below in descending order of priority:

SUPPLIES:

1. AGENCY INVENTORIES.
2. EXCESS PROPERTY the requisition is assigned to the Property Section for review and approval.
3. UNICOR (Federal Prison Industries) agents must place an order with Unicolor if a requirement can be met by Unicolor and the item needed is available. Unicolor's delivery time of furniture often exceeds 180 days. If delivery on the items requested are needed prior to the time, let your purchasing agent know.
4. Procurement lists of the COMMITTEE FOR PURCHASE FROM THE BLIND or OTHER SEVERELY HANDICAPPED (NISH/JWOD).
5. FEDERAL SUPPLY SCHEDULES
6. COMMERCIAL SOURCES OF SUPPLIES (Open Market)
 - * Covered in Small Purchase Procedures, includes educational and non-profit.

SERVICES:

1. Procurement lists of the COMMITTEE FOR PURCHASE FROM THE BLIND or OTHER SEVERELY HANDICAPPED (NISH/JWOD)
2. MANDATORY SOURCES
3. UNICOR (Federal Prison Industries)
4. COMMERCIAL SOURCES (Open Market)

To determine the source to use, these factors are considered:

1. Does the item serve the Government's needs?
 - * The need must be basic and fundamental for accomplishing the intended tasks.
2. Is the source mandatory or optional?
 - * An established Government source is mandatory if the item available serves the need. However, there are some circumstances in which a mandatory source need not be used. One or more of six **exceptions may apply**:
 - * **Urgent delivery** is required
 - * Dollar volume is below the schedule's minimum limitation. (In line with President Clinton's reinvention efforts, GSA has raised the schedule minimum from \$300 to \$5000)
 - * Dollar value is above the schedule's maximum limitation.
 - * Receiving point is outside the geographic area covered.
 - * Purchase from **another source at a lower price** is authorized (escape clause same brand, make, model, etc).
 - * The agency is not designated as a mandatory user of the schedule.
 - * If use of source is mandatory and no exception applies, a waiver must be obtained from GSA (FAR 8.4043). A waiver is a request which includes justification showing the item will not perform as required. A waiver is not granted upon request; GSA does extensive research and review before making a decision.
3. Does the acquisition afford an opportunity to implement social and economic policy? If an acquisition must be made from an open market source:
 - * It must be purchased from **small business** unless an exception is met (FAR 13.105(a).
 - * Do not use the same small business each time (FAR 13.106.a(2)).
 - * Check sources from the labor surplus area
 - * Check VA programs

If the products or services available from **mandatory sources does not satisfy program needs**, specific information is required to support an open market purchase. Here are a few examples:

- * Special features that are required which are not contained in the lowest priced item
- * Trade-in, warranty provisions or maintenance considerations that make the ostensibly higher cost item more advantageous
- * Factual, documented experience that the lowest cost item simply does not work

This information will document the requirements to request a waiver from GSA on purchases from mandatory Federal Supply Schedule contracts. There are numerous examples of spending good money on bad products from chemicals to cardboard boxes; from toner to typewriter ribbons. It is important to document when the product does not meet its functional end use so Procurement can take the necessary steps to resolve the problem.

C. Simplified Acquisition Procedures (FAR 13)

1. Definitions

Simplified acquisitions: an acquisition of supplies, non personal services, in the amount of \$100,000 or less, (Construction \$25,000 or less) using the procedures of FAR Part 13.

Simplified acquisition procedures the methods prescribed in FAR Part 13 for making small purchases using purchase orders, and BPA's and VISA. This term excludes delivery orders and 8a contracts.

Delivery order an order for **supplies** placed against an established contract or with Government sources of supply.

Task Order: An order for **services** placed against an established contract or with Government sources of services (Federal Supply Schedules).

Purchase order is an **offer** by the Government to buy certain supplies or nonpersonal services and construction from commercial sources, with specified terms and conditions, the total amount of which does not exceed \$100,000.

2. Introduction

The purpose of FAR Part 13 is to prescribe simplified procedures for small purchases to (a) reduce administrative costs and (b) to improve opportunities for small business to obtain a fair proportion of Government contracts.

These procedures will be used to the maximum extent practicable for all purchases of supplies or services not exceeding \$100,000, unless the requirement can be met by using the required sources of supply.

Small purchase procedures shall not be used to purchase supplies and services initially estimated to exceed \$100,000, even though the resulting award does not exceed \$100,000. Requirements totaling more than \$100,000 **shall not be split** into several purchases that are less than \$100,000 merely for the purpose of using the simplified acquisition procedures.

3. Small Business, Small Business Set-Asides

Every purchase of supplies or services that has an anticipated dollar value of \$100,000 or less and is subject to simplified acquisition procedures, **will be reserved exclusively** for small business concerns (See FAR 13.105(a)) except when:

- a. The purchase is being made from a foreign source.
- b. The purchase is being made from required sources of supply.

Each written or oral solicitation for quotes shall contain the Notice of Small Business Small Purchase Setaside clause (52.219-6) or information substantially identical. The Contracting Officer (CO) determines there is no reasonable expectation of obtaining quotes from two or more responsible small businesses (one if less than \$2,500) that will be competitive in terms of price, quality, and delivery. The CO may purchase on an unrestricted basis (large businesses considered).

The CO proceeds with a small purchase setaside and receives a quote from only one responsible small business concern at a reasonable price, the CO shall make the award to that concern. However, if no reasonable quote is received from a small business, the CO may cancel the small business small purchase setaside and complete the purchase on an unrestricted basis.

The purchase is made on an unrestricted basis (as in b and c above), then the CO must document the reason for the unrestricted purchase (FAR 13.105(d)(5)). **Competition and Price Reasonableness (FAR 13.106)**

4. Purchases under \$2,500 - Micro Purchases

Purchases under \$2,500 may be made **without getting competitive quotes** if the price is considered to be reasonable. If the given source is a large business, you must attempt to locate a small business to procure the items. These purchases must be distributed equitably among qualified suppliers

If practical, a quote should be solicited from other than the previous supplier before placing a repeat order. The administrative cost of verifying the reasonableness of the price of purchases less than \$2,500 may offset any savings in detecting instances of over pricing. Action to verify price reasonableness should only be done when:

- * Previous, or personal knowledge indicates that the price may not be reasonable.
- * Purchasing an item for which no comparable pricing information is readily available (never purchased it or a similar item on a competitive basis).

5. Purchases over \$2,500 - Simplified Acquisitions

The CO shall solicit quotations from a reasonable number of sources to promote competition to the maximum extent practicable and advantageous to the Government including the price and administrative cost of the purchase. Quotes can be solicited orally. Written solicitations quotes should be used when:

- * A large number of line items is included in a single proposed acquisition.
- * Getting oral quotes is not considered economical or practical.
- * Special specifications are involved.
- * Suppliers are located outside the local trade area.
- * A construction contract is necessary.

Maximum practicable competition for small purchases ordinarily can be obtained without soliciting quotes from sources outside the trade area in which the purchasing office is located (if being procured by ASD MPLS), the consignee's office is located. CO's will not limit solicitations to suppliers of well known makes or brands, nor will quotes be solicited on a personal preference basis. New supply sources should be continuously reviewed and, if appropriate, added to the list of available sources.

Generally, quotes from at least three sources is considered to promote competition to the maximum extent practicable. If practicable, two sources not included in the previous solicitation should be requested to furnish quotations. The following factors influence the number of quotations required in connection with any particular purchase:

- * The **nature of the item** or service being purchased and whether it is highly competitive and readily available in several makes or brands or it is relatively noncompetitive.
- * The information obtained in making **recent purchases** of the same or similar item.
- * The **urgency** of the proposed purchase.
- * The **dollar value** of the proposed purchase.
- * **Past experience** concerning specific dealers' prices.

If suppliers furnish standing price quotations on supplies or services required on an intermittent and recurring basis, that information may be used in lieu of obtaining individual quotations each time a purchase is contemplated. The agent will ensure that the price information is current.

Occasionally an item can be obtained only from a supplier who quotes a minimum order price or quantity that either unreasonably exceeds stated quantity requirements, or results in an unreasonable price for quantities required. In these instances, for quantities required, the CO should inform the consignee of all the facts regarding the quote and ask them to confirm or alter its requirement. The file should be documented to support any action taken.

ASD MPLS will contact the consignee to inform them of any changes in item model/brand/source or unreasonable price increase.

6. Supporting Documentation

The determination that a proposed price is reasonable should be based on competitive quotations. If only one response is received, or the price variance between multiple responses reflects lack of adequate competition, a statement should be put in the file giving the basis of the determination of fair and reasonable price. This determination may be based on a comparison of the quotes with previous reasonable quotes, current price lists, catalogs, or agents personal knowledge. If only one source is solicited, a notation must be made to explain the absence of competition. The following is the extent to which quotation information should be recorded:

- * Verbal solicitations: Hand written notations of price quotes showing the names of the suppliers contacted, person who quoted the prices, discount terms, delivery time, FOB point, small/large business, and the time and date of quote. Also, any pertinent details on offered items (make, model, variances). These notations should clearly show why the award was made to the particular supplier at the price paid.
- * Written solicitations The written records of the solicitations and an abstract to show prices, delivery, references to printed price lists used, the vendor or vendors contacted, and other pertinent data.

7. Solicitation and Evaluation of Quotations (FAR 13.107)

Discounts: CO's should make every effort to obtain trade and prompt payment discounts. However, prompt payment discounts shall not be considered in the evaluation of quotations (FAR 13.106(b)).

Transportation charges: CO's will evaluate quotes inclusive of transportation charges from the shipping point of the supplier to the delivery destination, (i.e. Although the price of the items may be less expensive from one company, when the shipping costs are added, they may not be the overall lowest quote). If at all possible, the CO should attempt to get FOB destination prices.

Handling Late Quotations: Because quotations are informal in nature, you may consider late quotations as long as the order has not been placed.

8. Legal Effect of Quotations

A quotation is not an offer and cannot be accepted by the Government to form a binding contract. Issuance by the Government of an order for supplies or services in response to a suppliers quotation does not establish a contract. The order is an offer by the Government to the supplier to buy certain supplies or services upon specified terms and conditions. **A contract comes into being when the supplier accepts the offer.**

The CO may request the supplier to indicate acceptance of an order with written notification to the Government. The supplier may indicate acceptance by furnishing the supplies or services ordered or by proceeding with the work to the point where substantial performance has occurred.

If the Government issues an order resulting from a quotation, the Government may (by written notice to the supplier, at any time before acceptance occurs) withdraw, amend or cancel its offer.

After acceptance, you have a binding contract and could be liable for some or all of the costs involved with production of the item.

Remember: If you are talking with vendors, they need to understand that you are only requesting a quote for the service, not setting up a contract. This is how many unauthorized procurements begin. Tell the vendor that the procurement office will contact them regarding the purchase. Do not, under any circumstances, give the vendor a purchase order number.

9. Purchase Orders (FAR 13.5)

The following is set forth in the FAR:

Purchase orders shall be issued on a fixed price basis, and shall not contain economic price adjustments or redetermination clauses. Purchase orders shall include trade and prompt payment discounts that are offered. Purchase orders shall specify the quantity of supplies or services ordered. Each purchase order must contain a definite calendar date by which delivery of supplies or performance of service is required.

V. PURCHASING METHODS

Procuring your commodities or services are available through several methods. If the item cannot be obtained by one of these options, an AD700, (Request for Supplies and Services), should be submitted to MRP-BS-MPLS.

A. Using Personal Funds for Purchasing

Employees may use personal funds for purchasing supplies and services or for local travel, under \$2,500. Form **SF-1164**, Claim for Reimbursement for Expenditures on Official Business, is used by employees to claim reimbursement. Reimbursement is obtained through an SF-1164 or from the Payments Team, FMD Minneapolis.

B. Blanket Purchase Agreements (type 45 purchase order)

BPA's are established by ASD-MPLS to provide our customers with a valuable option in their procurement needs. BPA's are usually advisable when our customer has a need for items on a routine basis, needs control of the purchases and wants control of the payments. BPA's can be established by submitting an AD700, with a description of the items or services needed. BPA's do not obligate funds until an authorized employee places a telephone order against the BPA or receives the item from the vendor.

1. BPA Limitations

BPA's may not be used to purchase accountable property or high risk noncapitalized sensitive property. MRP-BS-MPLS will make purchases on BPA's for you if the dollar amount of the purchase is over \$2500. Competition is required for purchases over \$2500.

Purchases against BPA's are monitored monthly. A purchase over \$2500 without ASD-MPLS approval, will be treated as an unauthorized procurement.

C. VISA Credit Card

USDA's Credit Card Program is intended to facilitate purchase of commonly used items, streamline payment procedures. APHIS has established a single purchase limit not to exceed (NTE) \$2,500 for non-warranted users. Warranted users have a single purchase limit of the amount of their warrant.

1. How to Obtain a Credit Card

To open a new VISA account, for APHIS, contact Megan Phommahaxay (612) 336-3243; AMS or GIPSA contact Laura Shultz (612) 336-3245; USDA, APHIS, FMD, Accounting Team, 100 North 6th Street, Minneapolis, MN 55403.

2. Making a Purchase

There are four ways to make a purchase: (1) Over the phone, (2) in person, (3) electronically and (4) by mail. Keep receipts and shipping documents, which will complete the record and aid in reconciling the monthly statement.

3. Card Restrictions

The credit card **may not be used for** the purchase of the following:

Airline, bus, boat or train tickets -- VISA cannot be used for travel expenses (See VISA and Federal Travel Regulations)

Cash advances, money orders or travelers checks.

Gasoline, oil or repair of GSA leased vehicles, aircraft or vessels.

Gasoline and oil for APHIS-owned vehicles. The US Government National Credit Card (SF-149) should be used for all APHIS vehicle gas/oil purchases.

The VISA card may now be used for repairs to APHIS-owned vehicles when the vehicle credit cards is refused. Include the vehicle number in PCMS when reconciling the charge.

Janitorial or maintenance service agreements. Because services must be reviewed before payment is made. Janitorial services require a Statement of Work (SOW) and Department of Labor Wage Determination

Meals, drinks or lodging at hotels, motels, or restaurants, for any purpose. The VISA purchase card cannot be used for travel expenses (See Federal Travel Regulations)

Nonprofit organizations (goods provided by). Materials can be purchased from some nonprofit organizations.

Rental or lease of motor vehicles, land or buildings of any type (over 180 days) -- The Realty Team must approve all rental or lease arrangements for land or building. The Property Team must approve all motor vehicle leases over 59 days. If under 60 days, a purchase order must be issued by the Purchasing Team. If you have questions on what is or is not appropriate, contact your purchasing agent.

Memberships must be in the name of the organization, not an individual person. Documentation for this type of purchase must include the benefit to the organization. For example, receiving a subscription to a trade journal or newsletter. It is not appropriate for the USDA to donate money to an organization without receiving a tangible benefit

Office supplies exceeding \$300. Purchases exceeding \$300 are limited to mandatory sources on the Federal Supply Schedule.

Budget Object Codes

A list of commonly used Budget Object Codes for your reference.

2240 Postage fees - e.g. Federal Express, UPS, etc.
2222 Shipping, freight
2328 Cell Phone Service
2412 Printing and binding
2421 Photo Service
2422 Copy Operations
2523 Training, Tuition, Fees
2531 Repair, Alterations or Maintenance of Motor Vehicles
(includes tires, batteries, etc.)
2535 Office equipment repairs and maintenance
2538 Telephone Equipment, maintenance or repair
2539 Office Furniture, repair, maintenance or alterations
2570 Miscellaneous Services
2581 Bank Service and Money Order Fees, Admin.. Fee
2614 Gasoline Fuel
2615 Diesel Gasoline
2616 Aviation Fuel
2620 Scientific and Experimental Supplies
2627 Animal Feed
2629 Supplies and Materials
2630 ADP Related Supplies
2632 ADP Software - Noncapitalized (less than \$100,000)
2633 Magnetic Tapes
2639 Other ADP Supplies and Materials
2650 Cost of Materials Used in Production, Processed, Inventoried
2657 Film
2660 Subscriptions, pamphlets and Documents
2670 Supplies and materials - General
2671 Office supplies
2672 Copier supplies and materials
2675 Motor oil and other Lubricants
2691 Project materials
3140 Property with acquisition cost under \$1000 and furniture under \$500 that is not sensitive

1. How to Request a FEDSTRIP ACTIVITY ADDRESS CODE

The Activity Address Code (FEDSTRIP Code) is required to obtain supplies and equipment and receive reports from the National Finance Center (NFC). The FEDSTRIP Code is also an important part of the AD-700. It identifies the agency, activity and address to which material, documentation, and billing are sent. When the material, documentation and billing must be sent to a different address, separate FEDSTRIP Codes are required.

Requests for new codes, changes and deletions should be sent to ABS Purchasing, the central contact point. Your written request should contain:

- * **TYPE 1 Address:** Can be a P.O. Box or street address.
If a P.O. Box is used, a TYPE 2 address must also be completed. If TYPE 2 or 3 addresses are not completed, material, documents, and billing will be sent to the TYPE 1 street address.
- * **TYPE 2 Address:** Must indicate street address for delivery of freight shipment.
P. O. Box cannot be entered because freight deliveries cannot be made to a P.O. Box.
- * **TYPE 3 Address:** Most common entry for USDA Agencies is the National Finance Center. Invoices are sent to this address.
- * **Commercial phone numbers for each address.**
- * **Effective date desired.**
- * **FEDSTRIP Code (for changes and deletions).**
- * **Accounting data** - fill out an AD-633 and send to NFC.

Requests usually take 3-4 weeks to process and update records at GSA, NFC, and the MRP-BS-MPLS database.

VI. TAX EXEMPTION CERTIFICATE (TEC)

Tax exemption certificates will be issued by NFC when required by a vendor. Procurement personnel will inform the vendor to request, in a letter to NFC, a TEC for a group of invoices identified by a purchase order and invoice number. The NFC will respond to this request by issuing Form NFC-825, letter to vendors.

In some states the sales tax is not imposed on the consumer but on the privilege of doing business and must be passed on to the consumer. In these situations, APHIS and the Government can pay the tax imposed. These states are, **Hawaii, Virginia, Illinois, Nevada, Kentucky, Wisconsin, Michigan, New Mexico, North Carolina, Arizona, Mississippi, Columbia South Carolina, South Dakota, District of Missouri, and Tennessee.**

When **employees are traveling** and using their VISA Credit Card to pay for hotel rooms etc, the Federal Tax **Exemption does not apply**. The exemption applies only when goods or services are paid directly by the Government. Use of the VISA, whose bill is paid by the employee, is not considered tax exempt. Many hotels, however, do allow the Federal Government this privilege. It never hurts to ask!

The Internal Revenue Service has issued APHIS an identification number, 41-0696271, which may be given to a vendor upon request.

State tax exempt letters may be obtained through the following website:

<http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter>

VII. TYPES OF PURCHASE ORDERS

A. Description of each Type

There are five types of transaction codes for purchase orders:

Type 40
Type 42
Type 43
Type 45

The transaction type code of a purchase order are the first two digits of the purchase order number (40-6395-0-0222).

- * **TYPE 40 PURCHASE ORDER** is used to obtain items, supplies and equipment that have a fixed price and quantity. The vendor invoices NFC. There is usually one payment.
- * **TYPE 42 PURCHASE ORDER** is used for fixed price and quantity purchases with recurring automatic cyclic payment; (e.g., facility rental/lease, parking space, storage space, etc). The purchase order cannot cross fiscal years and must be renewed if the service is to continue (see Renewing). No invoicing or receipting is necessary.
- * **TYPE 43 PURCHASE ORDER** is used for services that contain fixed or estimated prices and fixed or estimated quantities with anticipated onetime or recurring vendor payment. The vendor invoices the consignee. Type 43 orders must be renewed if service is to continue for more than one year (see Renewing).
- * **TYPE 45 PURCHASE ORDER** is established for a wide variety of items of unknown quantities or delivery requirements. Basically, it is a "charge account" against which individual orders are placed. A Blanket Purchase Agreement (BPA) remains in place until canceled, or when it reaches 999 invoices at NFC

BPA's not used more than three times in a year are automatically canceled by NFC.

A BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply.

BPA's should be made with firms from which numerous individual purchases will likely be made in a given period (usually one year). If past experience has shown that certain firms are dependable and consistently lower in price than other firms dealing in the same commodities, and if numerous small purchases are usually made for such supplies, it is advantageous to establish BPA's with those firms.

BPA's should be placed with several vendors so orders can be placed with the firm that offers the lowest price. All competitive sources should be given an equal opportunity to furnish supplies or services under BPA's. BPA's may also be established with Federal Supply Schedule contractors, if allowed, in the terms of the schedule.

A BPA may be limited to furnishing individual items or commodity groups or classes, or it may be unlimited for all items or services that vendor can furnish.

A BPA is not a contract. The Government is not obligated to place any orders and the vendor is not obligated to accept any orders. When an order is placed and accepted against the BPA, an enforceable contract and obligation of funds is in effect for that order. **It is not advisable to use a BPA for items that are vital for your program's activity as there is no specified delivery date and prices can fluctuate.**

We review BPA's continually. During the monthly review, we look for purchases over \$2,500 and yearly expenses over \$100,000. Annually we review BPA's for the number of actions against it during that year.

For purchases over \$2,500, we will inquire and determine if the action was authorized. When the total of the BPA is over \$100,000 for the year, we will determine if a contract would be more appropriate and discuss with the program(s) involved.

*** Limitations on BPA's**

Procurement procedures must be observed. BPA's may not be used for purchases that are not otherwise authorized by law or regulation. A BPA does not justify purchasing from only one source, avoiding small business small purchasesetaside, or not using mandatory sources.

B. Renewal Procedures for maintenance type purchase orders

Renewals must be done annually. ASD-MPLS will send a printout listing of the orders to be renewed, usually between June 1st and the 15th. The requesting office should use their VISA credit card to process any renewal totalling less than \$2,500 for the year.

Type 45 orders do not need to be renewed as they continue until they reach 999 invoices at NFC.

C. Canceling Types 42 and 43 Purchase Orders

Type 42 orders cancel automatically after the last scheduled payment is made in that fiscal year.

Type 43 orders are canceled and deobligated when a completed receiving report has been received at NFC.

Promptly notify the Purchasing Team if you no longer need services ordered on a Type 42 or 43 purchase order. We will cancel the order and deobligate the funds after the last invoice is paid.

Let your Purchasing Agent know if there are outstanding invoices on the purchase order you wish to cancel. If a cancellation is submitted to NFC before payment on all outstanding invoices has been made, please contact the Purchasing Agent that issued the purchase order.

EXAMPLE

USDA APHIS MRP-BS
Purchasing
P R I S M
FY00 **RENEWALS**
03-01-00

USDA, APHIS, MRP-BS
BUTLER SQUARE WEST, FIFTH FLOOR
100 NORTH SIXTH STREET
MINNEAPOLIS, MN 55403-0000

The following is an order issued in fiscal year 2000 for renewal. If you would like to renew this order, please provide the following as indicated below: (1) TECHNICAL CONTACT, (2) PHONE NUMBER, (3) ACCOUNTING CODE, and any (4) REMARKS. To ensure timely processing of the FY 00 orders, please return this report to MRP-BS-MPLS by June 30, 2000. Please direct any questions to the Purchasing Section at (612) 370-2110.

<u>PURCHASE</u> <u>ORDER</u>	<u>REQUEST</u> <u>NUMBER</u>	<u>DESCRIPTION</u>	<u>VENDOR</u>
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42639500222	APMBFSFP0012	FIELD PERS SERV, ETC.	MID-AMERICA BUSINESS
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Renew? __ (1) Percy Personnel (2) (612)270-0000 (3) 0000000 (5) Renew for Oct-April. This equipment will be replaced in May.

6-1-00
AUTHORIZED SIGNATURE

VIII. RECEIPTING PROCEDURES

There are different receipting procedures for each type of purchase order. Before receipting against any type of order, the receiving official should do the following:

- * Check the stock number and quantity of the goods received against the information on the packing slip, then against the information on the purchase order to be sure it is correct.
- * Check for partial or complete shipment of the order.

If all the information is correct, complete the specified receiving report and forward it to NFC.

TYPE 40 PURCHASE ORDER UNDER \$2,500.

No receiving report is required by NFC, except if NFC sends a notice requesting a receipt.

Complete and return the Property Copy to the PROPERTY-MPLS, for accountable property orders.

The vendor submits the invoice directly to NFC.

TYPE 40 PURCHASE ORDER OVER \$2,500.

A receiving report is required by NFC. Complete Block 32-35 of the Purchase Order and forward it to NFC. Be sure to indicate "P" for partial shipment or "C" for complete shipment in Block 34. If it is a partial shipment, complete Block 13 with the quantity received. Count the items received in the same unit of issue (Block 18) indicated on the purchase order.

Orders with multiple destinations (consolidated orders) should be receipted as a partial shipment, completing Block 13 with the quantity received by that particular destination.

Form AD838A may be used when doing a "Partial" receipting. The vendor submits the invoice directly to NFC.

TYPE 42 PURCHASE ORDER

No receiving report is required by NFC. Automatic cyclic payments are made for the amount established on the purchase order and do not require a vendor invoice.

TYPE 43 PURCHASE ORDER

A receiving report is required before payment can be made.

Vendor invoices are mailed to the Consignee for verification and processing.

The Consignee **completes Form AD838B** and submits it, **with the invoice attached, to NFC**. The invoice must reference the purchase order number. The final receipt of the fiscal year must be marked as complete in Block 2 of the AD-838B to cancel the order and deobligate remaining funds. All AD-838B's prior to the final should be marked as partial in Block 2.

The Vendor I.D. (VID) number must also be referenced on the AD-838B. The VID consists of 9 numbers and one or two additional alpha or numeric characters. Please call the Purchasing Team if you need assistance with identifying the VID.

TYPE 45 PURCHASE ORDER

A receiving report is required by NFC.

Vendor invoices are mailed to the Consignee for verification and processing.

The **Consignee completes Form AD838D** and submits it along **with invoice** attached, **to NFC**. The invoice must reference the purchase order number, have an invoice number and you must write the VID on your AD-838D.

VISA

Sign, date and return (fax) the Visa Order to Purchasing.

SPECIAL NOTE: Purchase orders **no longer have a tolerance** for payment beyond what the purchase order obligates. Please contact your Purchasing Agent for assistance.

A matrix of purchase order types, receipting, and renewal information has been provided for your convenience.

VIV. PROMPT PAYMENT ACT (Public Law 91177)

The NFC has incorporated cash management practices and related Treasury regulations into the Purchase Order System subject to the requirements of the Prompt Payment Act (Public Law 97177). The Act requires that Federal agencies:

- * Ensure timely payments to business concerns for goods and services
- * Establish payment due dates

Key points to remember:

Good cash management means you don't pay early and you don't pay late. Cash is viewed as a scarce resource.

Vendors are paid automatic interest payments on late bills without having to ask for the extra interest.

We are liable to pay interest after acceptance occurs. Automatic acceptance occurs seven days after receipt of goods or services. In this context, the seven day time period refers to the payment due date.

We should immediately forward receiving reports to the payment offices. They should be received no later than five working days after we accept goods or services.

The Prompt Payment Act is based on calendar days.

We must make payments by the date required by each contract. Most payments are required to be made within 30 calendar days of receipt of goods or services or a proper invoice, whichever is the latter of the two.

Contracting Officers must seek realistic payment terms and conditions that are reasonable and fair to both the Government and the vendor. Short, impractical terms may cause interest penalties. When payment terms are not specified, the Prompt Payment default terms are usually 30 calendar days. For some perishable commodities and progress payment contracts, the terms are less.

Some vendors offer discounts for early payment. Not taking a cost effective discount is similar to incurring an interest penalty. We may only take advantage of discounts when payments are made on or before the discount date.

On average, the payment time frame is 30 days long and follows the following pattern:

Weekends and holidays	9
Mail time (if not sent electronically)	3
NFC processing	4
Treasury processing	3
Agency preparation time	11
Total	30

INTEREST PENALTIES

Basically there are six reasons for incurring interest penalties. NFC breaks them down into the following six categories:

1. Obligation documents received late. This is not a common problem, but the question is "Why did we receive goods or services and not send a confirming purchase order to NFC on a timely basis?"
2. Receiving report received late. Why are receiving reports for type 43 and 45 purchase orders not being processed on time?
3. Invoice received late. Why are invoices received by an agency not being forwarded to NFC on a timely basis?
4. Processing delay. This is an NFC problem that represents a very small percentage of the total penalty interest.
5. Miscellaneous payment document received late. Why are the payment documents not being moved out of fiscal timely? Delays in preparation, auditing or certifying? Transmission problems.
6. Other: Key punching errors such as the wrong address.

Avoid incurring interest penalties.

Some ways to avoid paying interest penalties are:

- * Set guidelines and procedures to meet payment deadlines
- * Use electronic submission, eliminating mailtime and reducing rejection errors
- * Establish and follow quality control procedures by preparing all documents correctly and completely and verifying critical payment information
- * Review invoices upon receipt and return improper invoices to vendors immediately
- * Identify, analyze and correct problem areas. Repercussions of incurring interest penalties include the reduction of funds to use on more desirable program accomplishments and creating a bad image for the Agency.

Interest is charged against the appropriation from which the original procurement was charged. Interest penalties are considered a "waste" of government resources under the "Federal Managers' Financial Integrity Act."

The Prompt Payment Act requires that we report our annual interest penalties to the Office of Management and Budget and Congress. Large interest penalties may result in low performance ratings for those responsible. To order NFC's Prompt Payment Reference Guide send a request to:

USDA, OFM, National Finance Center
Directives and Analysis Branch
P.O. Box 60000
New Orleans, LA 70160

X. DAMAGED SHIPMENTS

Purchase order items are shipped one of two ways. Free-on-Board (FOB), Destination (vendor pays shipping charges and is responsible for the item from shipping point to delivery location) or Origin (Government pays shipping charges and the items are the property of the Government from the shipping point). The following procedures apply depending upon the method of shipment.

DESTINATION

- * Note the loss or damage on the commercial bill of lading, waybill or shipping document presented by freight carrier for signature
- * DO NOT receipt for the damaged items
- * Keep all cartons, packing materials/crates for inspection by the Shipper/Vendor
- * Keep the items with or in damaged cartons.
- * Notify the issuing Procurement Officer for action

Adjustments for damaged or lost goods are the vendor's responsibility for orders shipped Destination.

ORIGIN

- * Note the loss or damage on the commercial bill of lading, waybill or shipping document presented by the freight carrier for signature
- * Keep all cartons, packing material/crates for inspection by the freight carrier representative
- * Keep items with or in the damaged carton
- * Receipt for the items received. The vendor is due payment and we are responsible for obtaining reimbursement from the freight company
- * Notify the issuing Contracting Officer
- * A claim will be initiated against the carrier and a request for inspection made. Be sure to get a copy of the inspection report. Most carriers require a claim be made within 15 days of receipt of the items. The carrier pays a percentage of the original cost of the items

CONCEALED DAMAGES

If damage or loss is discovered after the package is opened or the item is in use, notify the issuing procurement office immediately. KEEP all cartons and packaging material since this may determine who is liable for damages the vendor or carrier.

XI. PURCHASE ORDER MONITORING

Purchase orders issued for some services require close monitoring of performance. The responsibility is delegated to a person located where the service is being performed and is called a Contracting Officers Representative (COR) or Technical Point of Contact (TPOC). **The COR does not have the authority to change or add to the specifications of the contract.** Contact the Contracting Officer for:

- * altering specifications.
- * performance of additional work.
- * interpretation of specifications.
- * any other changes or problems.

The COR's/TPOC responsibilities include monitoring, documenting and reporting to the Contracting Officer all information relating to the performance of the contract. A record should be kept of:

- * daily inspections.
- * problems.
- * inadherence to specifications.

Note the date, any comments by the contractor, and any corrections taken for the above. This documentation is necessary for actions needed to correct problems or terminate the contract.

**MATRIX OF PURCHASE ORDER TYPES (AD838)
RECEIPTING AND RENEWAL**

TYPE OF PO	RECEIPT TO NFC ON:	WHERE ARE INVOICES SENT?	PO USED FOR PURCHASE OF	AD-700 SUBMITTED FOR RENEWAL	SUBMIT AD-700 WHEN?
40 OVER \$2,500	RECEIPT COPY OR AD 838A	NFC	EQUIPMENT AND OR SUPPLIES	NO	WHEN NEEDED ONE-TIME PURCHASE
40 UNDER \$2,500	NONE REQUIRED	NFC	EQUIPMENT AND OR SUPPLIES	NO	WHEN NEEDED ONE-TIME PURCHASE
42	NONE REQUIRED	NO INVOICE REQUIRED AUTOMATIC PAYMENT	PARKING SPACE RENTAL, STORAGE SPACE, ETC FIXED/RECURRING CHARGES	YES	TWO MONTHS PRIOR TO EXPIRATION; CAN NOT BE AMENDED
43	USE FORM AD-838B WITH INVOICE ATTACHED	TO THE CONSIGNEE OR ADDRESS GIVEN	SERVICES, I.E. COPIER RENTAL JANITORIAL, ETC	YES	IN JUNE FOR THE NEXT FISCAL YEAR
45 CANCEL ORDER	USE FORM AD-838D WITH INVOICE ATTACHED	TO THE CONSIGNEE OR ADDRESS GIVEN	MISC SUPPLIES CHARGE ACCOUNT	NO	ONLY WHEN NEED TO OR AMEND
VISA PURCHASES	RECEIPT TO PROCUREMENT OFFICE	PROCUREMENT OFFICE	MISC SUPPLIES AND SERVICES	NO	FOR OVER \$2,500

NOTE: On type 43 and 45's make sure the purchase order number on the invoice matches the purchase order number on the AD-838B or D respectively. If the invoice does not have a number, assign one and indicate the number on the AD-838B or D.

For each receipting, be sure to include the **Vendor I.D.** as shown on the purchase order

PRISM - QUICK REFERENCE

REQUESTOR	Name of person requesting
TITLE	Requestor Title or TC (if you're unsure of title)
CLICK ON POPULATE FEDSTRIP	Type Fedstrip number (four numbers/letters) - RETURN Check address is correct Web Users: Type fedstrip first, then click Populate
F.O.B. DATE	Required field - if you don't know, type today's date Must be in format of mm/dd/year. Example: 02/22/2002
SUBMIT TO:	Required field - Purchasing = Minneapolis - RVDL = Riverdale (computer related items)
CONSIGNEE	Same process as for Requestor fields
VENDOR	Your recommended source
NUMBER OF LINE ITEMS	Expand field by clicking on the "twistie" or enter the number of line items needed, 1-10
DESCRIPTION	All the details and information for what you want
LINE ITEM COMMENTS	Anything else you want us to know, i.e., your fax number, how soon you need it, special pricing, etc
QUANTITY	How many do you want?
UNIT OF ISSUE	Each = EA ; Package = PK ; Pound= LB ; JOB ; LOT ; etc. (Alpha characters only; maximum of three)
AMOUNT	Use only numbers; no dollar sign, no comma Required field.
ACCOUNTING	APHIS & AMS - type first five numbers under the "5" column and second group of numbers under the "10" column
PRINT A COPY	If using Lotus Notes : click on File - Print . If using Web site : click on print icon Be sure to write the procurement request number on your AD700 for easier tracking

SAVE TO DRAFT if you're not ready to submit, i.e., you need approvals, you're waiting for vendor info, accounting code verification or any other reason. Don't forget to go into **VIEW - DRAFT** - and submit when you want Minneapolis or Riverdale to process your order.

MISCELLANEOUS INFORMATION

NOTICE

Beginning October 1, 2003, vendors that do business with the USDA must be registered in the Central Registration System (CCR) before they can be awarded contracts, blanket agreements, blanket purchase agreements or basic ordering agreements. For USDA procurement awards dated prior to October 1, 2003, modifications will be issued requiring that you register in the CCR database. While not required prior to award, please note that when contracts are assigned pursuant to the Assignment of Claims provision (FAR 32.8), the assignee must also be registered in the CCR database.

CCR requires a one-time business registration, with annual updates, and allows you to control the accuracy of your own business information. There is no cost to register in CCR, and the data from your registration will be used for payment purposes, as well as procurement-related endeavors. The **preferred method of registration** is via the World Wide Web at the CCR Website (<http://www.ccr.gov>). You **MUST HAVE** a DUNS number in order to begin registration. To obtain this *free* nine-digit identification number, call Dun & Bradstreet, Inc. at 866-705-5711. A CCR Handbook, with the registration and system information, is available at the CCR website.

The average CCR registration takes about 48 hours to process. The CCR Program Office will notify you when your registration becomes active. You will also be provided a Trading Partner Identification Number (TPIN), which is a *confidential password* into your company's CCR information. Once you are registered, you need both your TPIN and DUNS numbers to make changes to your CCR information.

NOTICE: USDA WILL NOT SEND YOU SUPPLEMENTAL CORRESPONDENCE REQUESTING INFORMATION ABOUT YOUR CCR REGISTRATION (e.g. a request to verify your TPIN or DUNS numbers). If you receive such requests they should be disregarded as attempts to gather proprietary information about your company's business.

The USDA appreciates your prompt cooperation in registering in the CCR system. We look forward to partnering with you in this important Government-wide initiative. Inquiries may be directed to Pat Honda, Office of Procurement and Property Management, USDA, at 202-720-8924, or pat.honda@usda.gov.